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C O N F I D E N T I A L SECTION 01 OF 02 ANKARA 006490

SIPDIS

DRL PLEASE PASS TO DOL ILAB

ISTANBUL PASS TO ADANA

E.O. 12958: DECL: 11/19/2014

TAGS: [PGOV](#) [PHUM](#) [ELAB](#) [SOCI](#) [TU](#)

SUBJECT: LABOR UNION OPPOSITION TO TURKISH GOVERNMENT PLANS TO CONSOLIDATE GOVERNMENT MEDICAL FACILITIES IN MINISTRY OF HEALTH

(U) Classified by Political Counselor John Kunstadter; e.o. 12958, reasons 1.4 (b) and (d).

1. (C) Summary: International financial institutions recommend the transfer of Ministry of Labor and Social Security hospitals to the Ministry of Health. With public sector health care costs rising faster than inflation, the idea is to assure more efficient and cost-effective delivery of health care to insured workers and their families. Although explained by AK Party Parliamentarians as an attempt to streamline government expenditures in preparation for EU membership, labor union critics allege the measure is a first attempt toward ultimately privatizing health care with an Islamist cast, perhaps restricting the availability of health care rather than expanding it. End summary.

IFIs Recommend Transferring Hospitals to Ministry of Health

2. (U) IFI experts from the World Bank and International Monetary Fund have recommended that the GOT transfer the Social Security Institution (SSK) state-run medical facilities from Ministry of Labor and Social Security (MOLSS) to Ministry of Health (MOH) to achieve cost-efficiencies in delivering government-provided health services. GOT included this reform in a package of laws on local administration reform which President Sezer returned to Parliament for further discussion.

3. (U) On the face of it, the proposal seeks to achieve budget savings and deliver health services efficiently and cost-effectively. In recent years public sector health care costs have risen faster than the rate of inflation, and the GOT can ill afford to allow this trend to continue. However, notably both left- and right-leaning labor union contacts criticize this measure as the first step toward decentralization of government services, eventual privatization of health care and possibly paving the way for what the unions assert would be inferior quality medical facilities. In general, our interlocutors fear that medical services will deteriorate under privatization, leaving a void that they claim could easily be filled by Islamist-oriented organizations, thus -- in their view -- tilting Turkish society toward a more Islamic-oriented system.

Cost of Hospitals Burdens Treasury

4. (C) Dr. Mahfuz Guler, Bingol AKP MP and Chairman of the Parliamentary Committee for Health, Family and Social Affairs, explained the proposal to shift hospitals from the MOLSS to the MOH as part of an overall program in the GOT's Emergency Action Plan to put all health organizations, which currently serve 30 to 35 million people in 148 SSK hospitals, under one umbrella. Guler stated that until 1992, hospitals were not state funded; since then the cost of supporting these hospitals has doubled, putting a major burden on the Treasury. He noted the number of health care recipients had doubled in the last 20 years without a concomitant increase in investments to support the cost of health care.

5. (C) Guler said individuals in the gray market (allegedly five million unregistered workers who are paid below scale) receive no health care coverage through the MOLSS because premiums are not paid on their behalf by either the employers or the workers themselves. However, poor people are able to receive health care through a "Green Card" program similar to Medicaid in the U.S. Guler asserted the MOH could easily handle the health care requirements for all SSK members. He noted a pilot project, begun with seven towns in the first year, had expanded to 15 by the second year to participate in this program. He expected all 148 MOLSS hospitals to be transferred to local administration within two years. (Comment: We note that Guler perceives the "State" and the "Treasury" to be two separate funding sources, but was unable to distinguish between their revenue sources. End comment.)

Privatizing Hospitals

16. (C) In a separate meeting with us Ministry of Labor and Social Security Director General Cengiz Delibas described the proposed hospital transfer as a straight-forward attempt to bring the administration of all state-operated hospitals under one authority and to separate the administration of health benefits from retirement benefits. Although not expressed in any official GOT document, and only inferred in passing in a paper on SSK reform, the ultimate goal is to turn over to local control and eventually privatize state-run hospitals, Delibas conceded.

Labor Unions Oppose Privatization

17. (C) Close Embassy contact Hak Is Labor Union President Salim Uslu, as well as other union contacts, accuse the MOLSS of unnecessarily shifting hospital facilities to the MOH and ultimately attempting to privatize state hospitals, a move which is expected to make the cost of health care more expensive for union members. Uslu, who portrays himself as close to PM Erdogan, alleges the "bureaucrats" misled the prime minister in citing a 22 quadrillion Turkish lira (approx. USD 1.5 billion) health care financing deficit for the first nine months of 2004. Uslu also cites "corruption" by pharmaceutical companies using a two-tier pricing system as contributing to cost overruns, possibly with reference to accusations that Roche has overcharged for medicines. Uslu does not see any practical benefit to be derived from transferring MOLSS-operated hospitals to the MOH and believes the central government could do a better job of managing hospitals and health care. He suggests it would be more efficient to consolidate various small non-MOLSS hospitals.

Turks Are "Problem Solvers"

18. (C) Yildirim Koc, special advisor to the President of Yol-Is (Highway Workers Union), affiliated with the more left-leaning Turk-Is Union, and another longtime Embassy contact, insisted to us that the U.S. and the EU want to dismember Turkey and carve it into several smaller states. Koc asserts the health care financial problems are related to MOLSS corruption and mismanagement and are being camouflaged under the pretext of making health care services more cost-effective by transferring them to the MOH. Koc describes this transition as going "from a republican system to a federal system" and cites what he calls failures to deliver good health care under privatized systems in Algeria, Egypt and the Palestinian Territories as examples of a vacuum in services that will set the stage for Islamists to take over and improve inferior quality state medical care in Turkey, as well.

19. (C) In a continuation of his contradictory reasoning, Koc calls Turks "problem solvers" who assume that someone (i.e., in this case Islamists) will turn up to resolve a difficulty rather than thinking through a solution for themselves. He suggests that after Turkish EU accession, problems related to financing good health care delivery will loom large and need to be resolved, either by Turks themselves or perhaps with EU assistance. He cautions that at this point the Islamists will have positioned themselves to be influential throughout the local provinces.

10. (C) Comment: The health care reform is a case study of the difficulty of pushing through IFI-inspired reforms in the face of persistent statism and fear of market forces, both on the right and left of the political spectrum. The GOT appears to be taking IFI advice seriously, in an apparently sensible attempt to rein in skyrocketing health care costs. Nevertheless, labor union contacts across the board are accusing ruling AKP leaders of pursuing a hidden agenda to regionalize and, eventually, privatize health services in order to create an opportunity for Islamic organizations to take over basic health services and establish an influence at the local level throughout the country. The health care reform may be eliciting more labor union paranoia than other reforms because it raises the specter of multiple labor union bogeymen: privatization, foreign influence, decentralization and the Islamist "hidden agenda" of the AK Party government. End comment.

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